

Tobin & Co.

Torch Lake Township

Antrim County, Michigan

Audit Report

For the Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

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8/17 AUG 18 2004

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other Torch Lake Township				LOCAL AUDIT & FINANCE DIV. Antrim	
Audit Date 3/31/04		Opinion Date 8/4/04		Date Accountant Report Submitted to State: 8/17/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid) during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Tobin & Co., P.C.			
Street Address 400 E. Eighth St.		City Traverse City	State MI
Accountant Signature <i>John D. Tobin</i>		ZIP 49686	

Tobin & Co.

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of Torch Lake Township, Antrim County, for the year ended March 31, 2004 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Torch Lake Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Records were maintained in excellent condition by your present Clerk and Treasurer. Recorded revenues were deposited intact, journals and ledgers were properly posted, Board minutes were maintained in proper order, and supporting documents and follow-up procedures appeared to be in very good order. The efforts of these officials for 2002-2004 are commendable.

Budgets and Procedures

The Township prepared and adopted budgets for its General and Special Revenue Funds. No funds or cost center expenditures exceeded budgeted amounts.

Property Tax Collections

2003 property taxes collected were distributed to taxing units prior to the end of the fiscal year. This function was handled in an excellent manner by the Treasurer.

Schedule 10 reflects the amount levied, collected and returned delinquent for the 2003 property tax levy.

Ambulance/EMS

The billing for ambulance/EMS services was changed recently to an on-line billing service. It appears from discussions with personnel that the system is functioning as designed and appropriate controls are in place which should insure accurate and timely billing. This area was discussed with the Supervisor, Clerk, and Treasurer.

Tobin & Co.

Comments and Recommendations

General Fixed Assets

Note 4 reflects the acquisitions of general fixed assets during the audit year. An inventory of the general fixed assets should be performed annually.

Property Tax Administration Fees

As permitted by statute, an administration fee of 1% was levied on all 2003 property taxes. Fees collected may be used only to offset such property tax administration costs as assessing, collecting and the review and appeal process. As reflected on Schedule 11, the costs exceed fees collected by \$2,453 for the year. The accumulated excess of costs over amounts collected is \$6,589 at March 31, 2004.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire, general and auto liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer and Supervisor have surety bond coverage.

Payroll Procedures

Payroll procedures and filing of payroll tax returns were handled in a proper manner by the Township Clerk.

Other Data

We noted the use of an interest bearing money market account and the purchase of certificates of deposit during the audit year. This practice resulted in earned interest of over \$19,500 for the audit year. We commend the Treasurer and other Board members for the practices and policies which resulted in this additional revenue.

In the fiscal year ending March 31, 2005, the Township must modify its financial reporting to conform with GASB #34. We have discussed this with the Township Clerk, and she is aware of the new requirements.

After the completion of our audit, we will mail the necessary copies of our report to the State Department of Treasury.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Torch Lake Township
Antrim County
Eastport, Michigan 49615

We have audited the general purpose financial statements of Torch Lake Township as of and for the year ended March 31, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of such funds of Torch Lake Township at March 31, 2004, and the results of operations and changes in cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements and schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the general purpose financial statements of Torch Lake Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Tobin & Co., P.C.

TOBIN & CO., P.C.
Certified Public Accountants
August 4, 2004

Torch Lake TownshipExhibit ACombined Balance Sheet – All Fund Types and Account GroupsMarch 31, 2004

<u>Assets</u>	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Cash	\$ 420,499	\$ 795,075
Investments	101,672	50,725
Taxes Receivable – Delinquent	6,961	11,048
Accounts Receivable	-	30,102
Land and Buildings	-	-
Buildings and Improvements	-	-
Machinery and Equipment	-	-
Vehicles and Equipment	-	-
Amount to be Provided for Debt	-	-
Total Assets	<u>\$ 529,132</u>	<u>\$ 886,950</u>
<u>Liabilities and Fund Equity</u>		
Liabilities:		
Payroll Withholdings Payable	\$ 7,093	\$ 3,343
Bonds Payable	-	-
Deferred Revenue	<u>6,961</u>	<u>41,150</u>
Total Liabilities	<u>14,054</u>	<u>44,493</u>
Fund Equity:		
Investment in General Fixed Assets	-	-
Fund Balance	515,078	842,457
Fund Balance – Restricted	<u>-</u>	<u>-</u>
Total Fund Equity	<u>515,078</u>	<u>842,457</u>
Total Liabilities and Fund Equity	<u>\$ 529,132</u>	<u>\$ 886,950</u>

The Notes to the Financial Statements are an integral part of this statement.

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Fiduciary Fund Types		Account Groups		Total (Memo Only)
Agency	Non-Exp Trust	General Fixed Assets	General Long-Term Debt	
\$ -	\$ 54,054	\$ -	\$ -	\$ 1,269,628
-	-	-	-	152,397
-	-	-	-	18,009
-	-	-	-	30,102
-	-	710,685	-	710,685
-	-	358,788	-	358,788
-	-	253,157	-	253,157
-	-	406,986	-	406,986
-	-	-	61,102	61,102
<u>\$ -</u>	<u>\$ 54,054</u>	<u>\$ 1,729,616</u>	<u>\$ 61,102</u>	<u>\$ 3,260,854</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,436
-	-	-	61,102	61,102
-	-	-	-	48,111
-	-	-	61,102	119,649
-	-	1,729,616	-	1,729,616
-	-	-	-	1,357,535
-	54,054	-	-	54,054
-	54,054	1,729,616	-	3,141,205
<u>\$ -</u>	<u>\$ 54,054</u>	<u>\$ 1,729,616</u>	<u>\$ 61,102</u>	<u>\$ 3,260,854</u>

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Torch Lake Township

Exhibit B

Combined Statement of Revenues, Expenditures and Changes in Fund Balance

All Governmental Fund Types

For the Year Ended March 31, 2004

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total (Memo Only)</u>
<u>Revenues</u>			
Taxes	\$ 192,456	\$ 313,783	\$ 506,239
Licenses and Permits	2,790	-	2,790
State Grants	77,767	1,423	79,190
Charges for Services	20,846	21,090	41,936
Interest and Rents	10,651	10,917	21,568
Other	<u>1,624</u>	<u>780</u>	<u>2,404</u>
Total Revenues	<u>306,134</u>	<u>347,993</u>	<u>654,127</u>
<u>Expenditures</u>			
Legislative	30,370	-	30,370
General Government	99,004	-	99,004
Public Safety	26,823	241,692	268,515
Public Works	46,670	14,836	61,506
Recreation and Culture	19,374	-	19,374
Other	12,072	-	12,072
Capital Outlay	4,342	12,671	17,013
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>238,655</u>	<u>269,199</u>	<u>507,854</u>
<u>Excess Revenues (Expenditures)</u>	67,479	78,794	146,273
<u>Fund Balance</u> – Beginning of Year	<u>447,599</u>	<u>763,663</u>	<u>1,211,262</u>
<u>Fund Balance</u> – End of Year	<u>\$ 515,078</u>	<u>\$ 842,457</u>	<u>\$ 1,357,535</u>

The Notes to the Financial Statements are an integral part of this statement.

Combined Statement of Revenues, Expenditures and Changes in Fund BalanceBudget and ActualGeneral Fund and Special Revenue FundFor the Year Ended March 31, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 194,000	\$ 192,456	\$ (1,544)
Licenses and Permits	2,000	2,790	790
State Grants	75,000	77,767	2,767
Charges for Services	18,725	20,846	2,121
Interest and Rents	6,500	10,651	4,151
Other	450	1,624	1,174
Total Revenues	<u>296,675</u>	<u>306,134</u>	<u>9,459</u>
<u>Expenditures</u>			
Legislative	44,650	30,370	14,280
General Government	111,455	99,004	12,451
Public Safety	35,670	26,823	8,847
Public Works	57,900	46,670	11,230
Recreation and Culture	23,400	19,374	4,026
Other	12,713	12,072	641
Capital Outlay	308,000	4,342	303,658
Debt Service	-	-	-
Total Expenditures	<u>593,788</u>	<u>238,655</u>	<u>355,133</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (297,113)</u>	67,479	<u>\$ 364,592</u>
<u>Fund Balance</u> – Beginning of Year		<u>447,599</u>	
<u>Fund Balance</u> – End of Year		<u>\$ 515,078</u>	

(1) Budgeted from Fund Balance

The Notes to the Financial Statements are an integral part of this statement.

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<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 314,000	\$ 313,783	\$ (217)
-	-	-
1,400	1,423	23
20,000	21,090	1,090
9,350	10,917	1,567
<u>1,600</u>	<u>780</u>	<u>(820)</u>
<u>346,350</u>	<u>347,993</u>	<u>1,643</u>
-	-	-
-	-	-
278,330	241,692	36,638
15,000	14,836	164
3,000	-	3,000
-	-	-
499,700	12,671	487,029
<u>16,651</u>	<u>-</u>	<u>16,651</u>
<u>812,681</u>	<u>269,199</u>	<u>543,482</u>
<u>\$ (466,331) (1)</u>	78,794	<u>\$ 545,125</u>
	<u>763,663</u>	
	<u>\$ 842,457</u>	

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Torch Lake Township

Exhibit D

Statement of Revenues, Expenditures and Changes in Retained Earnings/Fund Balances

Proprietary Fund Types and Similar Trust Funds

For the Year Ended March 31, 2004

	<u>Fiduciary Fund Type</u> <u>Non-expendable Trust</u> Cemetery <u>Perpetual Care</u>
<u>Operating Revenues:</u>	
Perpetual Care Deposits	\$ 1,020
Earned Interest	<u>872</u>
Total	1,892
<u>Retained Earnings/Fund Balance</u> – Beginning of Year	<u>52,162</u>
<u>Retained Earnings/Fund Balance</u> – End of Year	<u>\$ 54,054</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Exhibit E

Statement of Cash Flows

Proprietary Fund Types and Similar Trust Funds

For the Year Ended March 31, 2004

	<u>Fiduciary Fund Type</u> <u>Non-expendable Trust</u> <u>Cemetery</u> <u>Perpetual Care</u>
Cash Flows from Operating Activities:	
Cash Received – Perpetual Care Deposits	\$ 1,020
Interest	872
Cash Used for Operating Expenses	<u>-</u>
Net Cash Provided by Operating Activities	<u>1,892</u>
Cash Flows from Financing Activities	<u>-</u>
Total Sources of Cash	<u>1,892</u>
Net Increase in Cash and Cash Equivalents	1,892
Cash and Cash Equivalents at Beginning of Year	<u>52,162</u>
Cash and Cash Equivalents at End of Year	<u>\$ 54,054</u>

Combined Schedule of Reconciliation of Net Income to Net Cash Provided by Operating Activities

Net Income	\$ 1,892
Adjustments to Reconcile Net Income to Net Cash Flow Provided by Operating Activities:	<u>-</u>
Net Cash Provided by Operating Activities	<u>\$ 1,892</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Torch Lake Township is a general law township located in Antrim County. Population as of the 2000 census was 1,159, and the State equalized value and the taxable value is \$282,773,970 and \$158,451,610, respectively.

The Township's general purpose financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, *The Financial Reporting Entity* includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The financial activities of the Township are recorded in separate self-balancing funds and account groups, categorized and described as follows:

Governmental Funds

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Account Groups

General Fixed Assets – This account group presents the fixed assets of the Township utilized in its general operations (non-proprietary fixed assets).

General Long-Term Debt – This account group presents the general obligation long-term debt which is not recorded as a payable of proprietary funds.

C. Basis of Accounting

All governmental and agency funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized when received in cash except for those susceptible to accrual, which are recorded as receivables when measurable and as revenue when available to finance current operations. Significant revenues susceptible to accrual include property taxes, expenditures reimbursement type grants, certain intergovernmental revenues and operating transfers. Expenditures are recorded when the liability is incurred, except for interest on long-term debt, which is recorded when paid. Fiduciary Fund Type Non-Expendable Trust Funds are accounted for using an accrual basis of accounting. Under this method revenues are recognized when earned and expenses are recognized when incurred.

D. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Fiduciary Fund Type Non-Expendable Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with the activity are included on their balance sheets. Their operating statements present increases (revenues) and decreases (expenses) in net total assets.

Tobin & Co.

Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

F. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain general fixed assets consisting of roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems are excluded from general fixed assets because such items are immovable and of value only to the Township. General fixed assets are not subject to annual depreciation expense.

Fixed assets are recorded at historical cost. Donated fixed assets are valued and recorded at the fair market value at date of receipt. Interest incurred during the period of construction of financial fixed assets is added to the cost of the assets.

G. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

Tobin & Co.

Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property Tax Procedures and Collections (Continued)

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$282,773,970	\$158,451,610	.9402
Fire	\$281,703,870	\$157,401,833	1.0000
Ambulance	\$281,703,870	\$157,401,833	1.0000

H. Investments

At March 31, 2004, the Township had investments with a carrying value of \$152,397. Township officials have been assured that the investments are legal for local units of government in Michigan.

I. Total Column

The "total" columns on the combined financial statements are captioned "memo only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund transactions have not been eliminated in the aggregation of this data.

J. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fiduciary Fund Type and Non-expendable Trust Funds consider all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

Tobin & Co.

Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2004.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2004, there were no violations of the provisions of this Act.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.

Tobin & Co.

Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

A. Legal Provisions for Deposits and Investments (Continued)

- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$1,279,539 deposited with local financial institutions at March 31, 2004 with a carrying value of \$1,269,628. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$780,427 of uninsured deposits at March 31, 2004.

NOTE 4 - STATEMENTS OF CHANGES IN GENERAL FIXED ASSETS

	Balance 3/31/03	Additions	Disposals	Balance 3/31/04
Land and Improvements	\$ 710,685	\$ -	\$ -	\$ 710,685
Buildings and Improvements	357,930	858	-	358,788
Machinery and Equipment	192,429	8,921	-	202,650
Office Furniture & Equipment	47,851	-	-	50,507
Vehicles and Equipment	406,986	3,956	-	406,986
Total	<u>\$ 1,715,881</u>	<u>\$ 13,735</u>	<u>\$ -</u>	<u>\$ 1,729,616</u>

NOTE 5 - LONG-TERM DEBT

The Township issued an installment contract in connection with the purchase of a fire tanker body. The vendor then sold the contract to a bank. Terms of the installment contract are as follows:

Amount of contract	\$ 75,179
Annual payments including interest at 3-1/2%	\$ 16,650

Tobin & Co.

Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 5 - LONG-TERM DEBT (Continued)

Scheduled Payments:	<u>Principal</u>	<u>Interest</u>
February 25, 2005	\$ 14,510	\$ 2,141
February 25, 2006	15,018	1,633
February 25, 2007	15,544	1,107
February 25, 2008	<u>16,030</u>	<u>563</u>
Total	<u>\$ 61,102</u>	<u>\$ 5,444</u>

NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

There were no inter-fund loans, advances or transfers during the audit year.

NOTE 7 - INVENTORIES

Torch Lake Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 8 - RETIREMENT PLAN

The Township has a defined contribution pension plan for Michigan Township employees through Municipal Retirement Systems, Inc. Listed below is a summary of the significant plan provisions adopted by Board Resolution in July 1991:

A. Eligibility Requirements

1. Attained age of 18 and not more than 75.
2. No minimum service requirement.
3. All elected officials and full-time and part-time employees.

B. Contributions

1. 16% of annual compensation is funded annually – 6% by the Township and 10% by employees.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 38% of required annual contribution.

Tobin & Co.

Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 8 - RETIREMENT PLAN

C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of service, death, disability, or normal retirement at age 65.

D. Plan Administration

1. The plan is administered by the Township Clerk. During the year ended March 31, 2004, the total Township contribution for the plan year, July 1, 2003 to June 30, 2004 was \$5,021. Covered payroll for the year was \$83,702 with total payroll of \$258,568 for all employees. The plan was funded at the required contribution amount.

NOTE 9 - ACCOUNTS/TAXES RECEIVABLE

Delinquent taxes receivable of \$6,961 in the General Fund and \$11,048 in the Special Revenue Funds, represent 2003 real property tax and property tax administration fees returned delinquent to the County Treasurer for collection as of March 1, 2004. Revenue recognition is deferred until taxes are collected, as the above amounts are not available for expenditures or obligations of the audit year. Accounts receivable represent outstanding charges for services rendered by the Ambulance Service. The revenues will not be recognized until the cash is available to finance current operations.

NOTE 10- PROPERTY TAX ADMINISTRATION FEES

The Township levied the 1% administration fee permitted by statute on all 2003 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. Fee expenditures exceeded collections for the audit year by \$2,453, and at March 31, 2004 accumulated fee expenditures exceeded collections by \$6,589.

NOTE 11 - CONTINGENT LIABILITIES

Township officials are not aware of any contingent liabilities on the part of the Township.

Tobin & Co.

Torch Lake Township

Notes to Financial Statements

March 31, 2004

NOTE 12- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year, the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 13- COMPENSATED ABSENCES

The Township provides EMS employees with paid vacation and paid personal/sick days. Paid vacation days accrue beginning at one-half day per month to a maximum of one day per month with a maximum of ten days per calendar year. Personal/sick days accrue at the rate of one day per month to a maximum of ten days per calendar year. At March 31, 2004, a total of \$2,550 of vacation and personal/sick days had accrued. The amount is not reflected in the financial statements because the amount is considered immaterial.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Torch Lake Township

Schedule 1

Page 1

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes			
Current Property Taxes	\$ 143,000	\$ 143,248	\$ 248
Delinquent Property Taxes	5,000	5,430	430
Penalties and Interest on Taxes	3,000	1,170	(1,830)
Property Tax Administration Fees	43,000	42,608	(392)
Licenses and Permits:			
Permits	2,000	2,790	790
State Grants:			
State Shared Revenues	75,000	77,767	2,767
Charges for Services:			
Sales – Trash Coupons	5,500	6,120	620
Sales – Cemetery Lots	3,000	4,093	1,093
Sales – Other	10,225	10,633	408
Interest and Rents:			
Interest	5,000	8,666	3,666
Rents and Royalties	1,500	1,985	485
Other:			
Miscellaneous	450	1,624	1,174
Total Revenues	<u>296,675</u>	<u>306,134</u>	<u>9,459</u>
<u>Expenditures</u>			
Legislative:			
Township Board:			
Salaries and Wages	-	5,159	-
Legal Services	-	11,528	-
Audit and Accounting	-	1,965	-
Association Dues	-	2,429	-
Telephone	-	1,875	-
Travel	-	160	-
Printing and Advertising	-	2,230	-
Supplies	-	2,467	-
Education and Other	-	2,557	-
Total Legislative	<u>44,650</u>	<u>30,370</u>	<u>14,280</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 1

Page 2

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government:			
Township Supervisor:			
Salaries and Wages	-	14,045	-
Dues	-	20	-
Travel	-	443	-
Education	-	2,318	-
Total	<u>17,060</u>	<u>16,826</u>	<u>234</u>
Elections:			
Salaries and Wages	-	-	-
Supplies and Maintenance	-	-	-
Outside Services	-	-	-
Travel	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Assessor:			
Salaries and Wages	-	20,913	-
Supplies	-	833	-
Contracted Services	-	2,060	-
Education and Other	-	882	-
Total	<u>26,875</u>	<u>24,688</u>	<u>2,187</u>
Clerk:			
Salaries and Wages	-	14,542	-
Supplies	-	58	-
Contracted Services	-	245	-
Dues	-	50	-
Education and Travel	-	1,045	-
Total	<u>18,760</u>	<u>15,940</u>	<u>2,820</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 1

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Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>			
General Government:			
Board of Review:			
Salaries and Wages	-	175	-
Other Expenses	-	52	-
Total	<u>2,170</u>	<u>227</u>	<u>1,943</u>
Treasurer:			
Salaries and Wages	-	17,046	-
Supplies and Postage	-	3,462	-
Contracted Services	-	2,106	-
Education and Travel	-	1,135	-
Total	<u>25,245</u>	<u>23,749</u>	<u>1,496</u>
Township Hall and Grounds:			
Salaries and Wages	-	707	-
Supplies	-	320	-
Snow Plowing and Trash Removal	-	2,018	-
Public Utilities	-	3,218	-
Maintenance and Repairs	-	4,004	-
Total	<u>12,695</u>	<u>10,267</u>	<u>2,428</u>
Cemetery:			
Salaries and Wages	-	2,724	-
Supplies and Miscellaneous	-	487	-
Public Utilities	-	108	-
Maintenance and Repairs	-	3,988	-
Total	<u>8,650</u>	<u>7,307</u>	<u>1,343</u>
Total General Government	<u>111,455</u>	<u>99,004</u>	<u>12,451</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 1

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Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>			
Public Safety:			
Planning and Zoning:			
Salaries and Wages	\$ -	\$ 15,849	\$ -
Consultant	-	6,009	-
Supplies	-	301	-
Printing and Advertising	-	906	-
Education, Training & Misc.	-	2,390	-
Total	<u>32,820</u>	<u>25,455</u>	<u>7,365</u>
Police Protection:			
Salaries and Wages	-	791	-
Utilities	-	301	-
Travel	-	276	-
Total	<u>2,850</u>	<u>1,368</u>	<u>1,482</u>
Total Public Safety	<u>35,670</u>	<u>26,823</u>	<u>8,847</u>
Public Works:			
Road Improvements	44,500	35,438	9,062
Street Lighting	2,400	2,232	168
Recycling Expense & Misc.	<u>11,000</u>	<u>9,000</u>	<u>2,000</u>
Total Public Works	<u>57,900</u>	<u>46,670</u>	<u>11,230</u>
Recreation and Culture:			
Day Park:			
Salaries and Wages	-	7,833	-
Supplies	-	642	-
Utilities	-	185	-
Maintenance	-	1,889	-
Other	-	1,401	-
Total	<u>15,900</u>	<u>11,950</u>	<u>3,950</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 1

Page 5

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>			
<u>Recreation and Culture (Continued)</u>			
Public Access & Torch Lake Dock	<u>4,900</u>	<u>4,824</u>	<u>76</u>
Library:			
Contractual Services	<u>2,600</u>	<u>2,600</u>	<u>-</u>
Total Recreation and Culture	<u>23,400</u>	<u>19,374</u>	<u>4,026</u>
Other Functions/Expenses:			
Insurance and Bonds	5,000	4,420	580
Social Security and Medicare	2,640	2,631	9
Pension	5,073	5,021	52
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Functions/Expenses	<u>12,713</u>	<u>12,072</u>	<u>641</u>
Capital Outlay	<u>308,000</u>	<u>4,342</u>	<u>303,658</u>
Total Expenditures	<u>593,788</u>	<u>238,655</u>	<u>355,133</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (297,113)</u>	67,479	<u>\$ 364,592</u>
<u>Fund Balance</u> – Beginning of Year		<u>447,599</u>	
<u>Fund Balance</u> – End of Year		<u>\$ 515,078</u>	
(1) Budgeted from Fund Balance			

The Notes to the Financial Statements are an integral part of this statement.

Torch Lake TownshipSchedule 2Combining Balance SheetAll Special Revenue FundsMarch 31, 2004

	<u>Fire Fund</u>	<u>Ambulance Fund</u>	<u>Liquor Law Enforcement Fund</u>
<u>Assets</u>			
Cash	\$ 531,135	\$ 193,156	\$ 10,250
Investments	50,725		
Taxes Receivable - Delinquent	11,048	-	-
Accounts Receivable	<u>-</u>	<u>30,102</u>	<u>-</u>
Total Assets	<u>\$ 592,908</u>	<u>\$ 223,258</u>	<u>\$ 10,250</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Payroll Withholding Payable	\$ -	\$ 3,343	\$ -
Deferred Revenue	<u>11,048</u>	<u>30,102</u>	<u>-</u>
Total Liabilities	<u>11,048</u>	<u>33,445</u>	<u>-</u>
Fund Equity:			
Fund Balance	<u>581,860</u>	<u>189,813</u>	<u>10,250</u>
Total Fund Equity	<u>581,860</u>	<u>189,813</u>	<u>10,250</u>
Total Liabilities and Fund Equity	<u>\$ 592,908</u>	<u>\$ 223,258</u>	<u>\$ 10,250</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

<u>Road Improvement Fund</u>	<u>Park/ Recreation Fund</u>	<u>Totals</u>
\$ 40,028	\$ 20,506	\$ 795,075
-	-	50,725
-	-	11,048
-	-	30,102
<u>\$ 40,028</u>	<u>\$ 20,506</u>	<u>\$ 886,950</u>
\$ -	\$ -	\$ 3,343
-	-	41,150
-	-	44,493
<u>40,028</u>	<u>20,506</u>	<u>842,457</u>
<u>40,028</u>	<u>20,506</u>	<u>842,457</u>
<u>\$ 40,028</u>	<u>\$ 20,506</u>	<u>\$ 886,950</u>

Torch Lake TownshipSchedule 3Combined Statements of Revenues, Expenditures and Changes In Fund BalanceAll Special Revenue FundsFor the Year Ended March 31, 2004

	<u>Fire Fund</u>	<u>Ambulance Fund</u>	<u>Liquor Law Enforcement Fund</u>
<u>Revenues</u>			
Taxes	\$ 156,882	\$ 156,883	\$ -
State Grants	-	-	1,423
Charges for Services	-	21,090	-
Interest and Rents	6,837	2,994	-
Other	<u>180</u>	<u>-</u>	<u>-</u>
Total	<u>163,899</u>	<u>180,967</u>	<u>1,423</u>
<u>Expenditures</u>			
Public Safety	51,797	189,392	503
Public Works	-	-	-
Recreation and Culture	-	-	-
Capital Outlay	7,136	5,535	-
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>58,933</u>	<u>194,927</u>	<u>503</u>
<u>Excess Revenues (Expenditures)</u>	104,966	(13,960)	920
<u>Fund Balance</u> – Beginning of Year	<u>476,894</u>	<u>203,773</u>	<u>9,330</u>
<u>Fund Balance</u> – End of Year	<u>\$ 581,860</u>	<u>\$ 189,813</u>	<u>\$ 10,250</u>

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

<u>Road Improvement Fund</u>	<u>Park/ Recreation Fund</u>	<u>Totals</u>
\$ 18	\$ -	\$ 313,783
-	-	1,423
-	-	21,090
815	271	10,917
<u>-</u>	<u>600</u>	<u>780</u>
<u>833</u>	<u>871</u>	<u>347,993</u>
-	-	241,692
14,836	-	14,836
-	-	-
-	-	12,671
<u>-</u>	<u>-</u>	<u>-</u>
<u>14,836</u>	<u>-</u>	<u>269,199</u>
(14,003)	871	78,794
<u>54,031</u>	<u>19,635</u>	<u>763,663</u>
<u>\$ 40,028</u>	<u>\$ 20,506</u>	<u>\$ 842,457</u>

Tobin & Co.

Torch Lake Township

Schedule 4

Statement of Revenues, Expenditures and Changes in Fund Balance

Fire Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes:			
Current Property Taxes	\$ 157,000	\$ 151,326	\$ (5,674)
Delinquent Property Taxes	-	5,556	5,556
Interest and Rents:			
Interest	5,000	6,837	1,837
Other:			
Miscellaneous	<u>1,000</u>	<u>180</u>	<u>(820)</u>
Total	<u>163,000</u>	<u>163,899</u>	<u>899</u>
<u>Expenditures</u>			
Salaries and Wages	22,290	15,247	7,043
Pension Plan & Social Security	1,600	917	683
Medical Testing	1,500	-	1,500
Supplies – Office	1,000	208	792
Supplies – Operating	3,400	2,017	1,383
Gas and Oil	2,000	970	1,030
Professional Services	1,400	-	1,400
Dues and Subscriptions	600	185	415
Telephone	1,000	1,057	(57)
Insurance	6,000	4,110	1,890
Public Utilities	4,400	5,397	(997)
Maintenance, Repairs and Miscellaneous	10,500	3,597	6,903
Training and Miscellaneous	6,500	1,441	5,059
Capital Outlay:			
Land and Buildings	325,000	2,540	322,460
Equipment	114,500	4,596	109,904
Principal on Debt	14,051	14,077	(26)
Interest	<u>2,600</u>	<u>2,574</u>	<u>26</u>
Total	<u>518,341</u>	<u>58,933</u>	<u>459,408</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (355,341)</u>	104,966	<u>\$ 460,307</u>
<u>Fund Balance</u> – Beginning of Year		<u>476,894</u>	
<u>Fund Balance</u> – End of Year		<u>\$ 581,860</u>	
(1) Budgeted from Fund Balance.			

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 5

Statement of Revenues, Expenditures and Changes in Fund Balance

Ambulance Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes:			
Current Property Taxes	\$ 157,000	\$ 151,326	\$ (5,674)
Delinquent Taxes	-	5,557	5,557
Charges for Services:			
Ambulance Runs	20,000	21,090	1,090
Interest and Rents:			
Interest	3,500	2,994	(506)
Other:			
Miscellaneous	100	-	(100)
Total	<u>180,600</u>	<u>180,967</u>	<u>367</u>
<u>Expenditures</u>			
Salaries and Wages	157,340	142,970	14,370
Pension & Social Security	10,100	10,257	(157)
Medical Testing	800	-	800
Certification	250	25	225
Health Insurance	13,000	1,980	11,020
Office Supplies	800	316	484
Supplies	4,500	4,574	(74)
Gas	2,000	1,063	937
Professional Fees	1,025	150	875
Dues	300	120	180
Telephone	1,700	1,354	346
Insurance	8,400	13,864	(5,464)
Public Utilities	2,500	2,707	(207)
Repair and Maintenance	2,300	3,615	(1,315)
Training and Miscellaneous	10,300	6,397	3,903
Capital Outlay – Land	<u>60,200</u>	<u>5,535</u>	<u>54,665</u>
Total	<u>275,515</u>	<u>194,927</u>	<u>80,588</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (94,915)</u>	<u>(13,960)</u>	<u>\$ 80,955</u>
<u>Fund Balance – Beginning of Year</u>		<u>203,773</u>	
<u>Fund Balance – End of Year</u>		<u>\$ 189,813</u>	

(1) Budgeted from Fund Balance

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 6

Statement of Revenues, Expenditures and Changes in Fund Balance

Liquor Law Enforcement Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
License Refunds from State	\$ <u>1,400</u>	\$ <u>1,423</u>	\$ <u>23</u>
Total	<u>1,400</u>	<u>1,423</u>	<u>23</u>
<u>Expenditures</u>			
Salaries	750	464	286
Training	<u>75</u>	<u>39</u>	<u>36</u>
Total	<u>825</u>	<u>503</u>	<u>322</u>
<u>Excess Revenues (Expenditures)</u>	<u>\$ 575</u>	920	<u>\$ 345</u>
<u>Fund Balance</u> – Beginning of Year		<u>9,330</u>	
<u>Fund Balance</u> – End of Year		<u>\$ 10,250</u>	

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 7

Statement of Revenues, Expenditures and Changes in Fund Balance

Road Improvement Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes:			
Special Assessments	\$ -	\$ 18	\$ 18
Interest and Rents:			
Interest	<u>500</u>	<u>815</u>	<u>315</u>
Total	<u>500</u>	<u>833</u>	<u>333</u>
<u>Expenditures</u>			
Road Improvements	<u>15,000</u>	<u>14,836</u>	<u>164</u>
Total	<u>15,000</u>	<u>14,836</u>	<u>164</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (14,500)</u>	<u>(14,003)</u>	<u>\$ 497</u>
<u>Fund Balance</u> – Beginning of Year		<u>54,031</u>	
<u>Fund Balance</u> – End of Year		<u>\$ 40,028</u>	

(1) Budgeted from Fund Balance

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 8

Statement of Revenues, Expenditures and Changes in Fund Balance

Park/Recreation Fund

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Interest Earned	\$ 350	\$ 271	\$ (79)
Miscellaneous	<u>500</u>	<u>600</u>	<u>100</u>
Total	<u>850</u>	<u>871</u>	<u>21</u>
<u>Expenditures</u>			
Park Improvements	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<u>Excess Revenues (Expenditures)</u>	(1) <u>\$ (2,150)</u>	871	<u>\$ 3,021</u>
<u>Fund Balance</u> – Beginning of Year		<u>19,635</u>	
<u>Fund Balance</u> – End of Year		<u>\$ 20,506</u>	

(1) Budgeted from Fund Balance.

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 9

Combining Statement of Changes in Assets and Liabilities

All Agency Funds – Current Tax collections

For the Year Ended March 31, 2004

	<u>Balance</u> <u>3/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash	\$ 202	\$ 4,449,108	\$ 4,449,310	\$ -
Total Assets	<u>\$ 202</u>	<u>\$ 4,449,108</u>	<u>\$ 4,449,310</u>	<u>\$ -</u>
<u>Liabilities</u>				
Undistributed Taxes, Interest and Penalties	\$ 202	\$ 4,449,108	\$ 4,449,310	\$ -
Total Liabilities	<u>\$ 202</u>	<u>\$ 4,449,108</u>	<u>\$ 4,449,310</u>	<u>\$ -</u>

The Notes to the Financial Statements are an integral part of this system.

Tobin & Co.

Torch Lake Township

Schedule 10

2003 Property Tax Levy and Collections

For the Year Ended March 31, 2004

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County Tax	5.1467	\$ 815,493	\$ 783,852	\$ 31,641
County MB OP	0.6900	109,322	105,080	4,242
County Tax - COA	0.3811	60,376	58,034	2,342
School District Tax				
Central Lake	19.5000	718,874	678,983	39,891
Elk Rapids	20.7600	1,075,634	1,059,344	16,290
Intermediate School District				
TBA	2.9929	278,481	275,768	2,713
Char-Emmet	2.6854	175,617	165,719	9,898
State Education Tax	5.0000	792,253	782,076	10,177
Township Taxes:				
General	0.9402	148,966	143,187	5,779
Spec. Asses. – Ambulance	1.0000	156,793	151,269	5,524
Spec. Asses. – Fire	1.0000	156,793	151,269	5,524
Property Tax Admin. Fee	1.0000	41,860	40,678	1,182
District Library	0.3500	22,886	21,596	1,290
Total		<u>\$ 4,553,348</u>	<u>\$ 4,416,855</u>	<u>\$ 136,493</u>
State Equalized Value	\$282,773,970			
Taxable Value	\$158,451,610			
Percent of Levy Collected	97.00%			

The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township

Schedule 11

Statement of Revenues and Expenditures

Property Tax Administration Fees

For the Year Ended March 31, 2004

Revenues

Fees Collected	\$ 42,608
Total Revenues	<u>42,608</u>

Expenditures

Assessor Expense (100%)	24,688
Board of Review Expense (100%)	227
Treasurer Expenses (75% of Salary plus Deputy Salary)	12,596
Supervisor Salary (15%)	2,033
Clerk Salary (10%)	1,355
Postage and Supplies	3,462
Insurance, Utilities and Use of Building	<u>700</u>
Total Expenditures	<u>45,061</u>

Excess Revenues (Expenditures) (2,453)

Accumulated Excess Revenues (Expenditures) –
Beginning of Year (4,136)

Accumulated Excess Revenues (Expenditures) –
End of Year \$ (6,589)

The Notes to the Financial Statements are an integral part of this statement.